



# The Lugar Report on the Americas

By Dick Lugar, United States Senator, Indiana • Summer 2004

## Lugar Calls for Consistent Engagement with Latin America and the Caribbean

*U.S. Senate Foreign Relations Committee Chairman Dick Lugar, in an address at a special session of the Organization of American States. Lugar is believed to be the first member of Congress to address a special session of the Permanent Council of the OAS.*

*Below is the full text of the speech:*

I would like to express my appreciation for the kind remarks made by the Chairman of the Permanent Council, Ambassador Miguel Ruiz-Cabañas from Mexico. I would also like to thank OAS Secretary General Cesar Gaviria who will be ending his term in September. You have led the Organization of American States with intelligence and vision during the last ten years, and the hemisphere is very grateful for your service.

In addition, I would like to recognize Assistant Secretary General Luigi Einaudi and Ambassador John Maisto. Both of these talented American diplomats have provided decades of service to the hemisphere.

It is a pleasure to address this Special Session of the Permanent Council of the OAS. I am honored by the presence of so many ambassadors and other friends, including Secretary General-elect Rodriguez. I look forward to talking with each of you at the reception following this session.

The end of many military dictatorships in the Western Hemisphere during the 1970s and 1980s was one of the most important developments of the late 20th Century. The generals no longer rule in Latin America. The Organization of American States deserves our gratitude for being a key participant in fostering the wave of democracy that

swept over our hemisphere.

But here at the dawn of the 21st Century, we must be candid -- democracy is being tested in the hemisphere. Lately in Latin America and the Caribbean, we have heard voices asking whether democracy makes sense anymore.

We in the United States have been working for more than 200 years to understand and to perfect our own democracy. In our history, we have suffered the horrors and injustices of slavery and segregation. Our society struggled for decades to achieve voting rights for women and minorities. Even today, protecting the sanctity of the ballot box requires constant vigilance. Our experience, and that of many of our friends around the world, including Latin America, has taught us that democracy is both difficult to establish and hard work to maintain. But it is clearly worth the sacrifice. We have seen in the Middle East the instability and conflict that are born in a region where, thus far, democracy has failed to gain a broad foothold. We have seen the violent frustrations of generations of people who do not have a true voice in their governance and who do not have promising economic prospects.

In our neighborhood of countries, democracy's friends have been worried by developments in Venezuela, where political conflict threatens democracy

and the rule of law. In May, Venezuelans validated the necessary signatures to trigger a recall referendum on President Chavez. It is important that the democratic mechanisms in the Venezuelan Constitution be followed. I was pleased to learn that the Organization of American States and the Atlanta-based Carter Center plan to continue work in Venezuela until the recall referendum is held.

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Chairman Lugar addressing the the OAS Permanent Council accompanied by (from left) OAS Secretary General Cesar Gaviria, the Chairman of the Permanent Council, Ambassador Miguel Ruiz-Cabañas from Mexico, and Assistant Secretary General Luigi Einaudi.

the democratic mechanisms in the Venezuelan Constitution be followed. I was pleased to learn that the Organization of American States and the Atlanta-based Carter Center plan to continue work in Venezuela until the recall referendum is held.

Venezuela is not the only place in the region where democracy is being tested. Earlier this year, Haiti's toxic mix of abject poverty and political violence created a climate of fear and near anarchy that led to President Aristide's departure. Last fall in Bolivia, months of street protests by indigenous groups drove President Sanchez de Lozada from office. More than two years ago in Argentina, deadly riots amid the financial crisis forced out President de la Rúa. And, in January 2000, a group of disgruntled army officers and indigenous protestors forced Ecuadorian President Mahuad from office before he could finish his term.

There are, of course, many examples where democracy is flourishing. Costa Rica has continued its commitment to democracy that has spanned several generations. It has built a strong foundation of education that undergirds its current prosperity. Chile has managed to reduce poverty significantly while enhancing its democracy. Mexico peacefully ended a one-party system while maintaining stable development. The English-speaking Caribbean has resisted totalitarian temptations, and strengthened democratic institutions.

But for the hemisphere as a whole, several years of steady progress were not enough to solidify democratic institutions. In some countries, factions are still willing to short-circuit the democratic process in pursuit of a political outcome favorable to their interest.

The sources of this regional turmoil

are related to the boom years of the 1990s, which benefited many, but left many behind. Fiscal and monetary policies did not adequately spread economic gains. The increased number of poor citizens, which in some countries were concentrated within the indigenous communities, led to a rise in populist politics that looks for quick political gains without reference to the democratic process.

Although recent setbacks are troubling, I believe that we must take the long view. I believe that stable democracy and abundant prosperity will become the norm in the Western Hemisphere because we enjoy so many advantages. Much of our hemisphere is rich in natural resources. We benefit from two oceans that give us access to the sea lanes of the world. We face fewer language barriers than many regions, and while conflict has certainly occurred, our modern history has not been dominated by war within our own hemisphere. We face fewer non-negotiable issues and less reflexive hatred than many regions. But most of all, our peoples believe in progress and are capable of greatness. As a region, we can succeed together.

To achieve that success, we must recommit ourselves to the principles and the hard work of democracy. I would offer five steps that we must undertake to strengthen democratic institutions and reinvigorate the enthusiasm of our people for the challenges that confront democratic societies.

First, in the spirit of partnership, we need to address poverty and economic dislocation in Latin America and the Caribbean. A recent U.N. Development Program survey found that democracies lose citizens' support because of inequality and extreme poverty. Today,

44 percent of Latin Americans live below the poverty line, and they often believe that free market policies and liberal democracy are at least partially responsible for their problems. By helping to improve basic living conditions, we will be creating the building blocks upon which democracy can flourish.

I would like to highlight Brazil's Zero Hunger Program as an excellent concept for fighting poverty that should be promoted in other countries in the hemisphere. The Zero Hunger Program aims to tackle poverty by providing additional income through an electronic card that enables people to buy basic food items. The additional demand for these basic foods should, it is hoped, stimulate their production by small-scale farmers who represent a large portion of the country's poor and hungry.

Brazil is expanding the program beyond hunger abatement to include other aspects of social policy, especially education. This program demonstrates the willingness of the Brazilian government to address poverty in creative ways. Brazil is allocating human and financial resources with a view toward granting millions of marginalized Brazilians the basic benefits and rights of full-fledged citizenship.

Second, democracy in Latin American and the Caribbean will be strengthened by broadening property rights. I believe we should promote the concepts of Peruvian economist Hernando de Soto, whose Institute for Liberty and Democracy is working to establish clear property rights for the poor in Latin America and the Caribbean. Outdated and bureaucratic laws currently prevent most in the hemisphere from using assets such as shops, land, and livestock for loans to

finance their crops or start new businesses. Changes could unlock billions of investment dollars for the poor and give them a stake in their economies through their own empowerment.

El Salvador, for example, has employed de Soto's concepts with good results. Between 1992 and 2002 this program legalized more than 250,000 plots of land that were previously settled without legal title. According to the Inter-American Development Bank, small El Salvadoran landowners have been able to borrow \$800 million in mortgages annually. Before the legal reforms in El Salvador, it took an ambitious entrepreneur an average of 115 days to open a new business. Now, thanks to the reforms, it takes an average of only 60 days. Upward mobility from poverty to the middle class is greatly enhanced when poor citizens are not constrained by bureaucracy from fully employing their own property.

Third, even as we embrace trade as a tool of development, we must pay closer attention to preparing nations to trade successfully. Concluding trade agreements that lower trade barriers can provide a necessary foundation for economic growth, but other ingredients are needed as well. Successful trade, like successful democracy requires hard work to establish and even harder work to maintain.

Specifically, the United States needs to increase cooperation with Latin and Caribbean governments and the private sector to maximize trade capacity building programs that create current jobs and train young people for the jobs of the future.

Some nations require assistance to

Senate, that more should be provided.

Fourth, democracy in the hemisphere would benefit greatly from the strengthening of the OAS itself. During the last ten years, the Summits of the Americas have expanded the number of OAS mandates. Since 1994, the leaders of our hemisphere have demonstrated

their confidence in the OAS by making it a critical player in advancing the political, economic, and social commitments they have made. The Inter-American Democratic Charter, not even 3 years old, already has been pivotal in defending democracy throughout the Americas. These Summits have brought us closer as a community of nations.

Despite this success, the OAS still is an underutilized resource of tremendous potential. It possesses the trust and good will of most people of the hemisphere. This moral authority is a precious and rare commodity in international discourse that could be put to even greater use in solving conflicts, promoting fair elections, protecting the environment, and developing strategies for development. For example, the OAS should continue to serve as an anchor for democracy and long term development in Haiti. It is ideally placed to work with the Brazilian, Mexican, and Canadian election authorities to help Haiti organize its upcoming local and national elections.



Chairman Lugar walking inside the “horse shoe” shaped Permanent Council table for the customary hand shake with OAS Permanent Representatives.

reach a position where trade can be an engine of economic growth. The United States Agency for International Development is helping several CARICOM member countries develop national trade capacity building strategies. This will help them to participate more effectively in negotiations on the Free Trade Area of the Americas and to implement the terms of the agreement.

During 2003, USAID programs provided more than \$50 million in assistance directly related to CAFTA needs and priorities and an additional \$5 million in assistance indirectly related to CAFTA. This assistance makes a difference. I will advocate to the Administration and my colleagues in the

Each member nation should consider what more it can contribute to the overall operations of the OAS. In a few cases these contributions may be financial, but in many cases the contributions may involve political support, information, expert personnel, or other commitments. One function of the OAS that should be strengthened is its efforts to address poverty. The OAS's Inter-American Council for Integral Development needs more resources to construct and highlight innovative development programs. I am committed to working with members of the OAS and my colleagues in Congress to expand resources for this function.

Finally, the cause of stable democracy in the Western Hemisphere would be immeasurably strengthened if the United States would examine and then improve its own inconsistent engagement with Latin America. This is not a failure that is unique to any single administration. In fact, as I have spoken to President Bush and Secretary Powell, I am confident that they are committed to achieving closer ties to Latin America and the Caribbean. They have visited the region several times, and they have

supported important

But the United States and our complex federal and state political procedures have neglected relationships with other nations in the hemisphere. Latin America and the Caribbean are among our most important trading partners and the cultural homeland to large and increasing numbers of productive Americans. The United States must treat its own hemisphere as a priority, not as an afterthought.

Over the decades, the United States has failed to embrace opportunities throughout Latin America because our policy toward the hemisphere was often unnecessarily constrained by partisan battles over Cold War policies. In recent years, the Congress has spent an inordinate amount of time on the question of Cuba. As important as this issue is for historical and cultural reasons, Cuba is a small corner of the hemisphere. Attention to Cuba must not come at the expense of more comprehensive policies toward a region of 540 million people.

For decades, the Latin American policies of the United States have suffered from a crisis mentality. We have

tended to pay attention to specific Latin American and Caribbean countries only when we perceive a problem. Since September 11, 2001, understandably, the attention of the American public and government has been focused beyond our own hemisphere. But we cannot make the mistake of adopting a "no nukes, no terrorists, no problem," approach to our own region. To do so would squander many important friendships and increase the chances that failed democracies would exist at our doorstep.

My message to you today is that democracy, opportunity, and the rule of law will prevail in our hemisphere if we are faithful to these concepts. With patient investment in the building blocks of democracy, the Western Hemisphere has unlimited potential for economic and political growth. The people of the West have shown that they will respond to thoughtful leadership with sacrifice and commitment. I am heartened by your devotion to this important work. I look forward to celebrating with you the triumphs of democracy in our hemisphere.

UNITED STATES SENATE  
WASHINGTON D.C. 20510-1401

